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TREE OF LIFE

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TRANSITIONAL HOUSING FOR WOMEN & CHILDREN

STATUS REPORT
To
Mayor Raymond L. Flynn

BOSTON REDEVELOPMENT AUTHORITY
ROBERT L. FARRELL, CHAIRMAN
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JAMES K. FLAHERTY, TREASURER
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STEPHEN COYLE, DIRECTOR

Executive Summary

- The Tree of Life would provide transitional housing for 75 to 100 homeless women and their children. Transitional housing provides shelter for anywhere from six months to two years. During that time, women would receive counseling, job training, health services and community support as needed to help them cross from a life of dependency to a life of independence and self-sufficiency.

- The design of the Tree of Life residences is compatible with the architecture of the South End neighborhood. Ground floor retail activity along Washington Street would be convenient to area residents. Franklin and Blackstone Squares, two of the oldest parks in the South End, are located close to the Tree of Life site.

- Financing for the development and operation of the Tree of Life project would come from a variety of public, private, and philanthropic sources. Total development cost is estimated between $8.5 and $10 million. It is expected that operating income from the project would be able to support the project's debt service payments. State rental subsidies and social service programs would be sought to support program operating costs. Voluntary developer contributions, acquisition proceeds from other parcels, and sales proceeds from additional units built into the project would be available to defray upfront development costs.

- Groundbreaking for Tree of Life would be planned for the Spring of 1987, to be completed and ready for occupancy in 1988.

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- The development and operating entity for Tree of Life would be a tax exempt, Chapter 121A corporation. The "parent" 121A corporation would divide the facility into two affiliated entities, one to operate housing and social services, and one to operate the retail and other income generating activities. Chapter 121A status would allow the project to obtain necessary zoning deviations without Zoning Board of Appeal action.

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INTRODUCTION

Tree of Life

Transitional Housing For Boston's Women

The homeless population nationwide is growing. In fact, more Americans were homeless this winter than at any time since the Great Depression. In Boston, conservative estimates put the number of homeless people at between 3,000 and 5,000. Causes of homelessness, such as de-institutionalization and the growing number of single parent families, are compounded by the short supply of affordable rental housing units. In Boston, where nearly 70% of all households rent, rents increased 18% to 31% annually between 1982 and 1985. The rental vacancy rate in Boston is currently well below 3%; and the average waiting period for public housing is 5 years. This tight housing market has added to the problem of homelessness in Boston, and has consequently led to the increased demands on the city's shelters. The characteristics and needs of Boston's homeless individuals and families are varied. The facilities and services required to meet the needs of homeless people are also diverse. Emergency shelters and longer term facilities are among those needed to deal with the crisis of homelessness in this city.

Tree of Life is proposed as a transitional housing program targeted for a special segment of the homeless population: women and their children. As the number of homeless people has grown so has the percentage of women who are homeless. While the majority of homeless people are still men, the increase in the number of women has been significant enough for some to call it "the feminization of homelessness." This increase in the number of homeless women has paralleled the growth of female-headed households.

During the last decade, the number of female-headed households nationwide has risen dramatically. Whether through divorce, separation, widowhood, or teenage motherhood, an increasing number of single women are finding themselves as the sole provider for their families. In 1980, 30% of Boston's families were headed by single women; 63% of those families had children under the age of 18. Yet, at a time when women are emerging as major family providers, the number of women and children living in poverty has also been growing. In Boston, 37% of families headed by women live at or below the poverty line; for women with children under 18, the percentage rises to an astonishing 53%. Various economic factors have contributed to the plight of these families, including the severe shortage of affordable housing in the city; lack of job experience; shortage of adequate childcare; and reduced welfare benefits.

Boston's downtown economy is producing unprecedented opportunities for the residents of the city, yet many low income women face barriers to obtaining these opportunities. Lack of adequate shelter, the need for childcare, and the need to upgrade skills are among the types of assistance these women need to take advantage of job opportunities. Transitional housing -- or multi-family residency programs -- provides the support and services that low income women heads of households need to attain self-sufficiency. The development of a transitional housing facility would provide Boston's low income women and children with low cost shelter, childcare, counseling, legal assistance, job training, and career planning. Women would receive this social service assistance in addition to the emotional and psychological support they need to begin rebuilding their lives. Typically, women reside in transitional facilities for anywhere from six months to two years.

DESIGN CONCEPT

Design Concept

The Tree of Life project would provide 76 family dwelling units on Parcel RC-9 in the South End. With an expanded development program, an additional 25 families would be accommodated across Rutland Street from Parcel RC-9 on a portion of Parcel 30. Under this scenario, the remainder of Parcel 30 facing Washington Street would be permanently established as a community garden.

The development on RC-9 is conceived as a four and five story, brick, U-shaped building with distinctly public and private aspects. The public facades wrap around the perimeter of the site along West Concord Street, Washington Street and Rutland Street filling in large gaps in the South End building fabric. These facades are punctuated with bows and entry stoops to relate to the historic Victorian rowhouses that predominate in the neighborhood. A varied roofline helps further to break down the massing of the building to a residential scale. Retail uses are provided at the ground floor along Washington Street in order to strengthen its neighborhood commercial character.

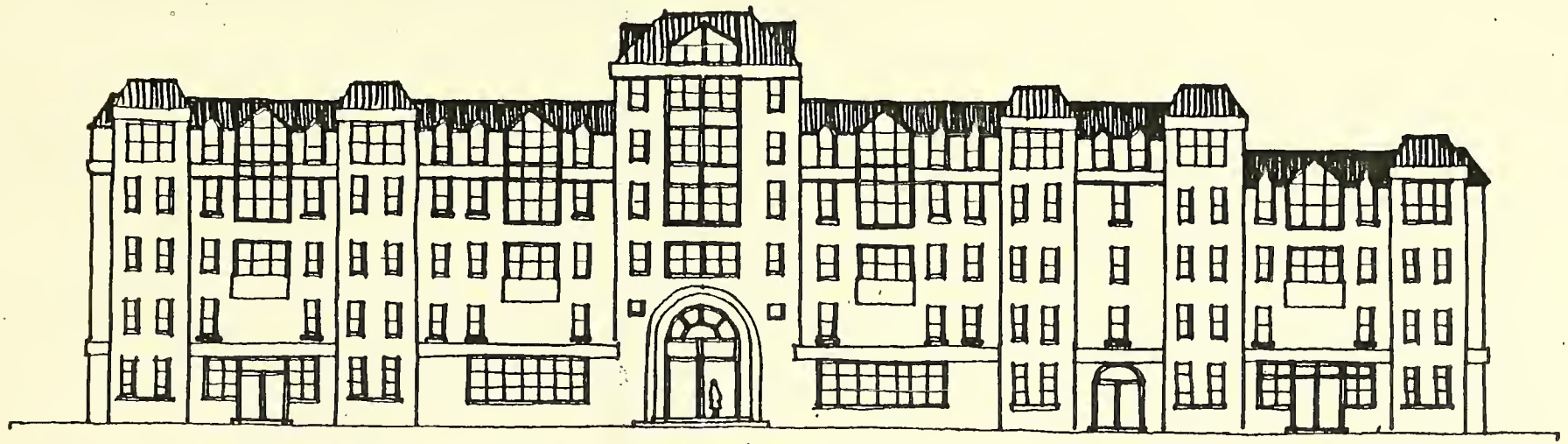
The private face on the inside of the U focuses on a shared open area which provides a space for residents to relax and enjoy. Adjacent is a tot lot portion of the day care center which is located on the ground floor along West Concord Street.

The building itself can provide a range of alternative living arrangements. The concept illustrated here contains a mix of 2 and 3 bedroom apartments for single families, and 4 to 5 family congregate units. Some of

the apartments could have individual access from the street; others could be accessed through a central lobby. Every floor contains shared spaces for informal meetings and interaction. A central lobby/greenhouse overlooking the green space provides a shared meeting place large enough to accommodate all residents.

The development on Parcel 30 is compatible with traditional South End rowhouses. Each one of these could house either a large congregate unit or more conventional two bedroom apartments on each floor. The remainder of Parcel 30, between the rowhouses and Washington Street would be permanently dedicated to community gardens. Parcel RD-60, which is contiguous to Parcel 30 directly to the north could be developed with two market rate rowhouses fronting on Shawmut Avenue.

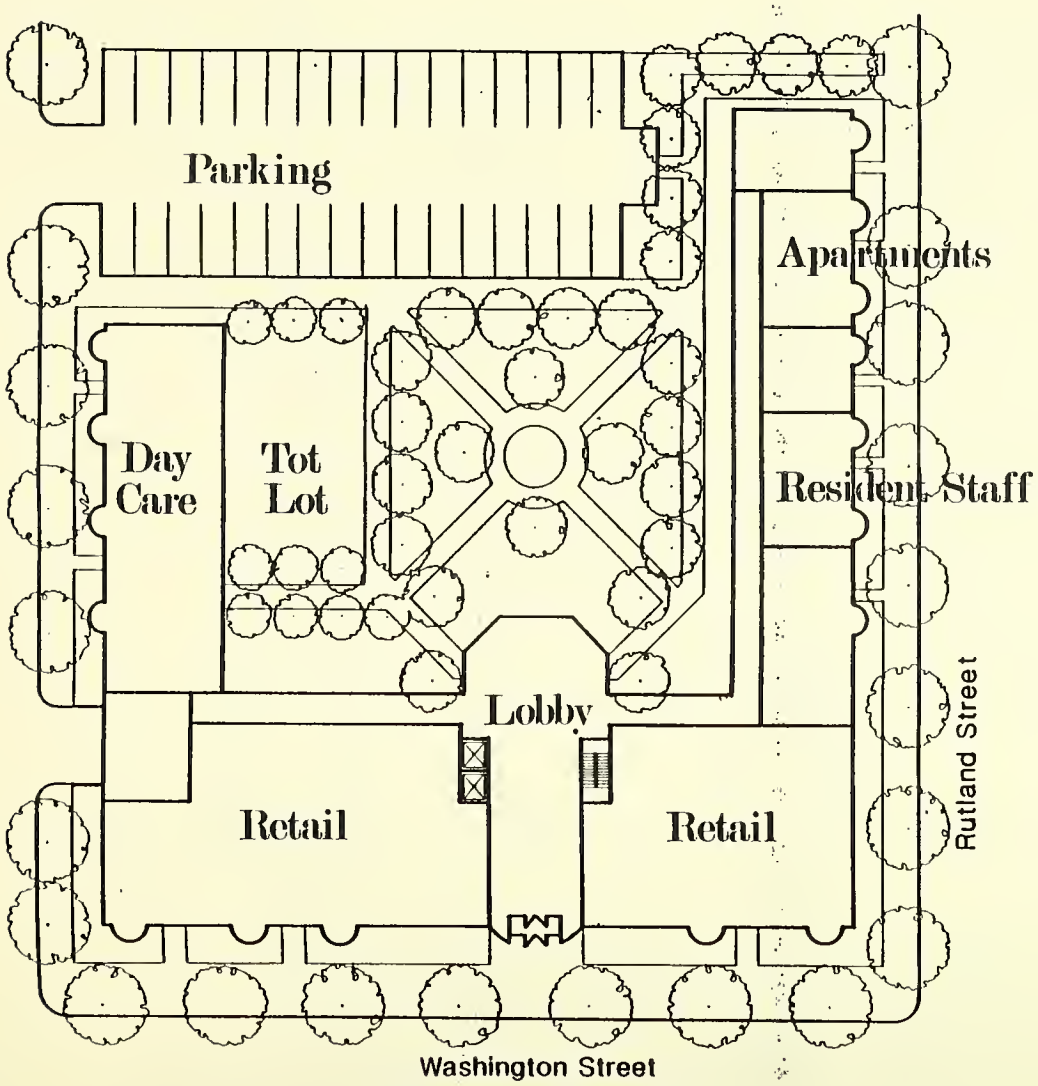
The Tree of Life project is designed to become an integral part of the South End community. It creates a much needed social service with retail, open space, community gardens and buildings that are designed to accord with the South End Landmark District regulations. The design quality is not only geared towards fitting the project into its historic context, it also symbolizes the city's deep commitment toward this important social program.



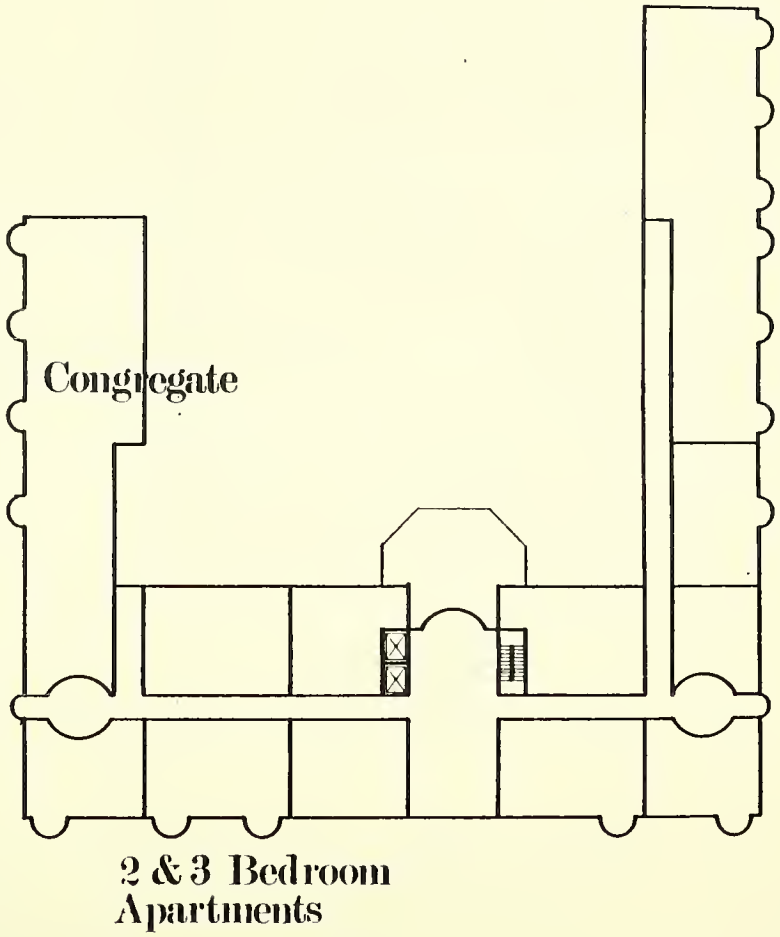
Front Elevation

Section Through Lobby

OPTION 1: 75 Units

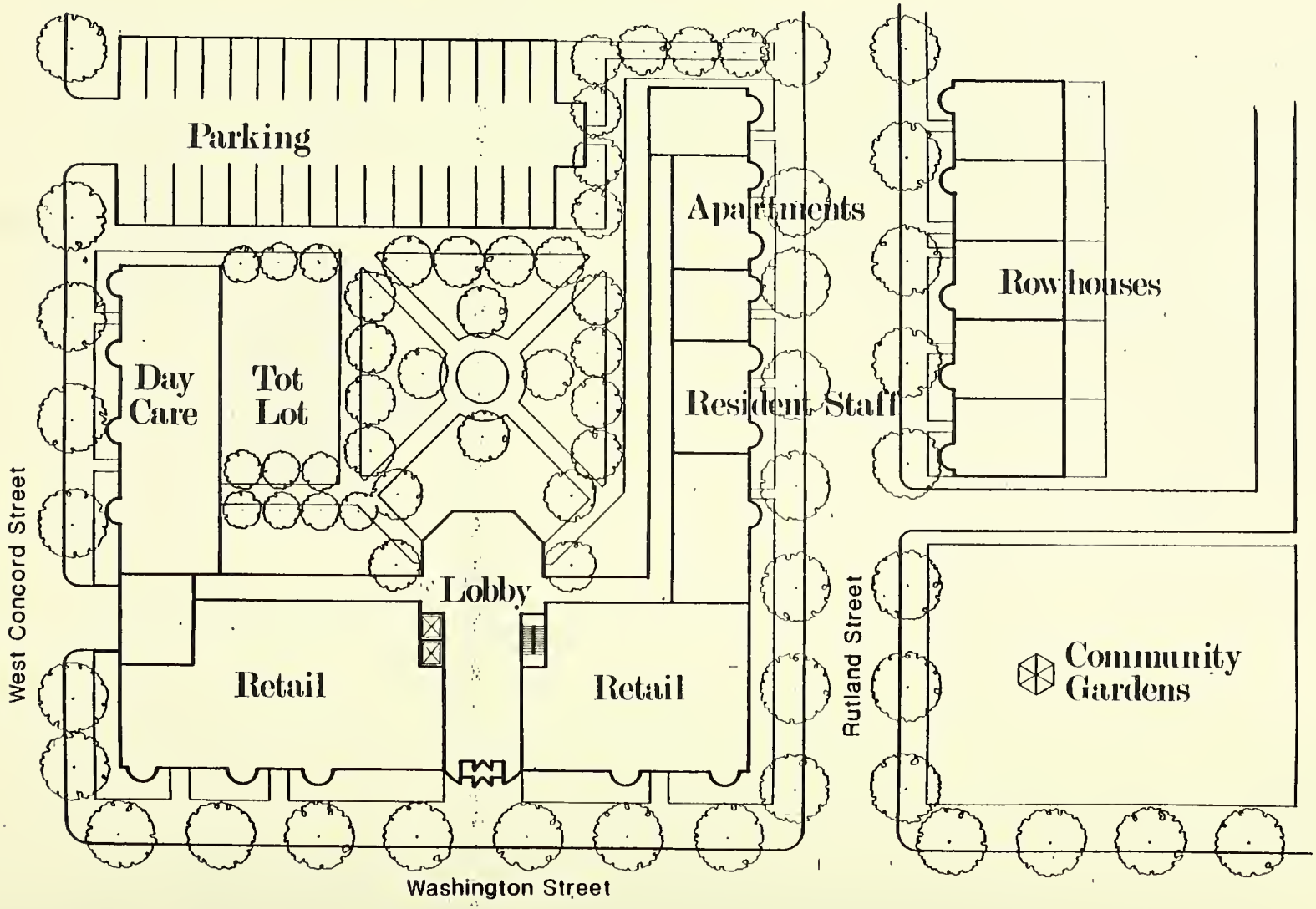


Ground Floor Plan



Upper Level Plan

OPTION 2: 100 Units.



Ground Floor Plan

DEVELOPMENT CONCEPT

Development Concept

Developed at a cost of roughly $8.5 million to $10 million, the proposed Tree of Life transitional housing project would be constructed on a 49,232 acre BRA-owned parcel in the South End at the corner of Washington and Rutland Streets.

Currently there are two proposed development scenarios. Option 1 calls for a 76 unit housing facility with a total of 41 two and three bedroom family apartments of 1,200 GSF each; 35 congregate living units of 800 GSF; a 4,000 GSF day care center for house residents; as well as space for resident staff, administration services, and common areas. The project's social services would be located off-site.

In an attempt to integrate the Tree of Life project into the surrounding neighborhood, 10,000 GSF of ground level retail would be included in the project. With rental rates at $15/GSF, the proposed retail space would generate approximately $150,000 of income a year. The project would have 32 parking spaces, 20 of which would be rented to residents of the community. Parking spaces would provide an additional $36,000 in annual income.

Option 2 also calls for 76 housing units on Parcel R-C9; and an additional 25 units on portions of Parcels 30 and RD-60, fronting on Rutland Avenue. An additional 8 units built to front on Shawmut Avenue would be sold for approximately $220,000 each, to help to defray initial start-up costs for the project.

Under Option 1 a total development cost of $8.6 million is expected. Option 2 would cost $11.8 million to develop. An added 5% of hard costs has also been assumed to cover the establishment of a reserve or sinking fund to be used as needed during the project's on-going operations. This reserve

fund allocation, when added to the total development cost, results in total project costs of $8.8 million and $12.1 million for Options 1 and 2, respectively. Both options are expected to have construction costs at $65/GSF. Site costs would be approximately $15/GSF.

Soft costs for both options are expected to be obtained at cost by local architectural, legal, and accounting firms providing pro bono services. Architectural services, for example, would be provided for 3% of hard costs as opposed to the standard of 6%.

Since each transient living unit must be fully furnished, 7% of hard costs has been allocated for furniture, fixtures, and equipment (FF&E), amounting to $5,694 per living unit. These funds will be distributed proportionately to provide furnishings for both the transitional housing units and corridor areas, day care facilities, administrative and program spaces.

Project Financing

Based on the assumed net operating income for the Tree of Life, a $5 million mortgage is supportable under Option 1. The mortgage supportable under Option 2 totals $6.7 million.

While retail space, parking spaces, and potential condominium unit sales would produce income to help fund the operating expenses of the Tree of Life, outside financial assistance will be necessary to cover the project's debt service and operational obligations. Federal grant programs and state rental subsidies for the project have been identified and will be pursued, in addition to private sector sources.

A portion of BRA voluntary linkage funds are presently earmarked for the Tree of Life project, with some funds available as early as 1987. It is proposed that the Tree of Life borrow against these monies. Using an assumed

discount rate of 9 percent, such a scheme would reduce the Option 1's financing gap to approximately $1 million. The gap for Option 2 would total $1.8 million. This remaining gap could be financed in a number of ways including the possible sale of other nearby parcels in the South End. Additional money can also be raised through a citywide fundraising effort, targeting area businessmen, philanthropists, and developers.

TREE OF LIFE OPTION I

DEVELOPMENT PROGRAM Option #1

DEVELOPMENT PROGRAM Option #1

Site Location:	RC-9
Parcel Size (GSF):	49,232
Proposed GSF:	98,300
Lot Coverage Ratio:	40.00%

TRANSITIONAL HOUSING

Unit Type	# of Units	GSF Per Unit	GSF	Percent Efficienc	NSF
2&3 Bedroom/Family:	41	1,200	50,000	90.00%	45,000
Cogregate Living:	35	800	28,000	90.00%	25,200
Retail:			10,000	90.00%	9,000
Residential Staff Space:			1,600	90.00%	1,440
Administrative Space:			1,200	90.00%	1,080
Day Care Facilities (100SF/Child):			4,000	90.00%	3,600
Lobby and Halls:			3,500	98.00%	3,430
TOTAL:	76		98,300		88,750

SITE DEVELOPMENT

ON-GRADE PARKING:			
No. of Spaces:	32	Spaces for Hsg	12
GSF/space:	350	Spaces for Rent	20
TOTAL SQUARE FOOTAGE:	11,200		
		Total Spaces	32
LANDSCAPED AREA: (Inc. tot lot)	18,339		
TOTAL DEVELPD SITE:	29,539		

DEVELOPMENT PRO FORMA

DEVELOPMENT PRO FORMA

	Cost/LSF	Cost
ACQUISITION COST:		
Parcel: RC-9	$0.00	$1

HARD COSTS:

	Cost/GSF	Cost
Construction:		
Housing:	$65	$5,739,500
Retail:	$65	$650,000
Site Costs (LSF):	$15	$443,088
TOTAL HARD COSTS:		$6,832,588

SOFT COSTS:*		
Architecture/Eng.		$204,978
Percent of Hard Costs:		3.00%
Legal & Prof. Fees:	1.00%	$68,326
Construction Loan Interest (@11% for 1 year)		$375,792
TOTAL SOFT COSTS		$649,096
Furniture, Fixtures, & Equipment (FF&E):	7.00%	$432,781
-Per Family:	$5,694	
CONTINGENCY @10% of Hard Cost		$683,259
TOTAL DEVELOPMENT COST:		$8,597,724

NOTES:

* Many of the services associated with Soft Costs will be donated or provided at cost.

TREE OF LIFE OPTION I

DEVELOPMENT FUNDING

DEVELOPMENT FUNDING

Total Development Cost:	$8,600,000
Reserve/Sinking Fund (2.5% of TDC)	$215,000
TOTAL COST	$8,815,000
Mortgage Supportable Through NOI	$4,966,904
TDC GAP	$3,848,096
Voluntary Contributions Potential NPV (@ 9%)	$2,750,000
TDC GAP	$1,098,096

OPERATING FUNDING - First Stablized Year

OPERATING FUNDING - First Stablized Year

	Income/Unit	Income	
INCOME			
2 bedroom units (20)*	$718	$172,320	*Income from 707 program
3 bedroom units (21)*	$895	$225,540	
Congregate Space (35)*	$611	$256,620	
Retail (10,000 SF)	$15.00	$150,000	
Parking (20 spaces @ $150/month)		$36,000	
Day Care Income			
TOTAL GROSS INCOME:		$840,480	
Vacancy @ 3%		$25,214	
EFFECTIVE GROSS INCOME:		$815,266	
EXPENSES			
Operating Expenses			
Housing Management		$36,480	$40 pum
Maintenance		$36,480	$40 pum
Day Care Operation:			
Staff - Social Services (10)		$250,000	This is paid for by Social Services Contract
Overhead		$30,000	
Real Estate Taxes:		$0	
Utilities		$66,576	$73 pum ($25 electric; $33 gas; $15 water and s
Common Space/Staff Units		$20,930	
Replacement & Oper. Reserve:		$19,000	$250/unit annually
Legal and Accounting		$8,153	1% of EGI
Insurance		$48,147	$7/1000 value (@80% AV)
Security		$48,000	
SUBTOTAL EXPENSES:		$563,766	
Social Services Contract		($280,000)	
TOTAL EXPENSES		$283,766	
Net Operating Income		$531,499	

Assume a 1.15 Debt Coverage; 8.5% financing for 30 year term we can borrow:

$462,173 Annual Debt Service Assuming 1.15 Coverage Ratio
$4,966,904 Sustainable Mortgage Assuming 8.5% and 30 years

TREE OF LIFE OPTION 2

DEVELOPMENT PROGRAM Option #2

Site Location:	RC-9
Parcel Size (GSF):	49,232
Proposed GSF:	127,500
Lot Coverage Ratio:	40.00%

TRANSITIONAL HOUSING

Unit Type	# of Units	GSF Per Unit	GSF	Percent Efficienc	NSF
2&3 Bedroom/Family:	66	1,200	79,200	90.00%	71,280
Cogregate Living:	35	800	28,000	90.00%	25,200
Retail:			10,000	90.00%	9,000
Residential Staff Space:			1,600	90.00%	1,440
Administrative Space:			1,200	90.00%	1,080
Day Care Facilities (100SF/Child):			4,000	90.00%	3,600
Lobby and Halls:			3,500	98.00%	3,430
TOTAL:	101		127,500		115,030

CONDOMINIUM DEVELOPMENT (Rutland & Shawmut Streets)

Unit Type	# of Units	GSF Per Unit	GSF	Percent Efficienc	NSF
2&3 Bedroom/Family:	8	1,200	9,600	90.00%	8,640

SITE DEVELOPMENT

ON-GRADE PARKING:			
No. of Spaces:	32	Spaces for Hsg	12
GSF/space:	350	Spaces for Rent	20
TOTAL SQUARE FOOTAGE:	11,200		
		Total Spaces	32
LANDSCAPED AREA: (Inc. tot lot)	18,339		
TOTAL DEVELPD SITE:	29,539		

DEVELOPMENT PRO FORMA

	Cost/LSF	Cost
ACQUISITION COST:		
Parcel: RC-9	$0.00	$1

HARD COSTS:

	Cost/GSF	Cost
Construction:		
Housing:	$65	$7,637,500
Retail:	$65	$650,000
Condominium:	$70	$672,000
Site Costs (LSF):	$15	$443,088
TOTAL HARD COSTS:		$9,402,588
SOFT COSTS:*		
Architecture/Eng.		$282,078
Percent of Hard Costs:		3.00%
Legal & Prof. Fees:	1.00%	$94,026
Construction Loan Interest (@11% for 1 year)		$517,142
TOTAL SOFT COSTS		$893,246
Furniture, Fixtures, & Equipment (FF&E):	7.00%	$565,641
-Per Family:	$5,600	
CONTINGENCY @10% of Hard Cost		$940,259
TOTAL DEVELOPMENT COST:		$11,801,734

NOTES:

* Many of the services associated with Soft Costs will be donated or provided at cost.

TREE OF LIFE OPTION 2

DEVELOPMENT FUNDING

Total Development Cost:	$11,801,734
Reserve/Sinking Fund: (2.5% of TDC)	$295,043
Total Project Cost:	$12,096,777
Mortgage Supportable with NOI	$6,691,856
TDC Gap	$5,404,921
Voluntary Contribution:	$2,750,000
TDC Gap	$2,654,921
Income from Condos	$888,960
TDC GAP	$1,765,961

CONDMINIUM SALES PRO FORMA

Unit Price	$222,000	
Price/SF	$185	
Gross Sales		$1,776,000
Marketing/Brokerage Fee		$71,040
Condo. Dev. Cost ($85/GSF)		$816,000
Net Profit (pre-tax)		$888,960
RETURN ON GROSS SALES		50.05%
PROCEEDS		

OPERATING FUNDING - First Stablized Year

	Income/Unit	Income	
INCOME			
2 bedroom units (20)*	$718	$172,320	*Income from 707 program
3 bedroom units (46)*	$895	$494,040	
Congregate Space (35)	$611	$256,620	
Retail (10,000 SF)	$15.00	$150,000	
Parking (20 spaces @ $150/month)		$36,000	
Day Care Income			
TOTAL GROSS INCOME:		$1,108,980	
Vacancy @ 3%		$33,269	
EFFECTIVE GROSS INCOME:		$1,075,711	
EXPENSES			
Operating Expenses			
Housing Management		$48,480	$40 pum
Maintenance		$48,480	$40 pum
Day Care Operation:			
Staff - Social Services (13)		$260,000	This is paid for by Social Service Contract
Overhead		$35,000	
Real Estate Taxes:			
Utilities		$75,144	$73 pum ($25 electric; $33 gas; $15 water/s
Common Space/Staff Units		$25,816	
Replacement & Oper. Reserve:		$25,250	
Legal and Accounting		$10,757	1% of EGI
Insurance		$66,090	
Security		$60,000	
TOTAL EXPENSES:		($655,016)	
Social Services Contract		$295,000	
NET OPERATING INCOME:		$715,694	

Assuming a 1.15 Debt Coverage Ratio; 8.5% financing for 30 years we can support:

Annual Debt Service: $622,343
Total Mortgage: $6,688,221

ISSUES UPDATE:

Legal
Zoning

Legal

Development Entity and Affiliates

The BRA-owned land on which the project would be built would be transferred by the Authority to an entity organized as a non-profit corporation under Chapter 180 of the Massachusetts General Laws, and under Section 501(C)(3) of the Internal Revenue Code. This "Parent Corporation" would be formed by individuals selected by the Mayor, and he would have the authority to appoint the members on an annual basis. In addition, the Parent Corporation would apply for designation by the Authority as a "121A" entity under Chapter 121A of the General Laws and the Acts of 1960, Chapter 652.

There are several advantages to this structure. First, as a tax exempt non-profit entity, the Parent Corporation would be exempt from both federal and state income taxes. Additionally, third parties would be entitled to federal and state charitable deductions for contributions and donations of in-kind services. The Parent Corporation would have the responsibility to finance and construct the project. All legal, architectural and development consultant services could be provided by professionals on a "pro bono" basis, or charitable deductions could be taken for the services rendered to the project. Furthermore, the Parent Corporation could raise capital funds for construction of the project from individual donors or foundations.

Second, as a "121A" entity, the Parent Corporation and the project would be exempt from local real estate taxes which would serve to minimize the project's tax burden. Importantly, the BRA could grant necessary deviations from the Boston Zoning Code as part of its 121 approval. This would eliminate the need to secure variances from the Zoning Board of Appeal.

Upon completion of the project, the Parent Corporation would divide the facility into two segments, and lease the respective segments to affiliated entities as follows:

A. The housing/social services segment would be leased for nominal rent to another non-profit tax exempt corporation, which would be responsible for management ("Affiliate A"). The Mayor would also have the authority to appoint the members of this corporation.

B. The retail segment would be leased to a for-profit corporation ("Affiliate B") which would be a wholly-owned subsidiary of Affiliate A, the non-profit tax exempt corporation that operates the housing/social services segment. The net income of Affiliate B would be paid to Affiliate A as an operating subsidy for its housing/social service activities.

Based on this proposed leasing structure, the Chapter 121A payments of the Parent Corporation, including both the annual payment to the state and the payments required by the City of Boston, would be minimized. Since the gross income of the Parent Corporation is limited to is nominal rent under the proposed leases with Affiliates A and B, the payments would be limited to little more than one percent (1%) of the fair cash value of the project, as determined annually by the Assessing Department.

Zoning

Parcels RC-9, 30 and RD-60 span local business (L-2) and multi-family residential (H-2) zoning districts. The development proposals for both Options 1 and 2 would require deviations from the zoning code. There are four options for acquiring approval of such deviations:

1. seek Chapter 121-A approval status
   - o BRA Board approval
   - o no Zoning Commission or Board of Appeal approvals required

2. seek variances and conditional use permits from the Board of Appeal
   - o BRA Board recommendations
   - o Board of Appeal hearing on variances and conditional use permits

3. Planned Development Area designation
   - o BRA Board approval
   - o Zoning Commission hearing and approval
   - o Board of Appeal hearing on exceptions

4. petition Zoning Commission for Urban Renewal Designation
   - o BRA Board approval
   - o Zoning Commission hearing and approval
   - o Board of Appeal hearing on exceptions

The 121-A approval option is the recommended option in terms of acquiring zoning approvals since it incorporates all zoning deviation approvals within the BRA Board approval of the 121-A application. No Zoning Commission or Board of Appeal action is required. In addition, the zoning approvals are in the form of exceptions rather than variances. This is preferred since variances have more rigid requirements for approval and are more easily challenged.

The following outline includes a summary of the zoning status of the development options and indicates the zoning deviations that would be required.

Parcel RC-9 - 76 units

	Proposed	Permitted Under Zoning	Deviation Required
Uses:	family housing	allowed	
	congregate care	conditional	x
	office (accessory)	allowed	
	day care	allowed	
	retail (in L-2 zone)	allowed	
Parking:	32 spaces	68 required (minimum)	x
Floor Area Ratio:	1.9	2	
Height:	70 feet maximum	no height limit	x
Dimensions:	Several dimensional deviations will be required		x

Parcels 30 and RD60 - 25 + 8 units

	Proposed	Permitted Under Zoning	Deviation Required
Uses:	family housing	allowed	
	day care	allowed	
	office (accessory)	allowed	
Parking:	0	30 required	x
Floor Area Ratio:	1.5	2	
Height:	45 feet maximum	no height limit	
Dimensions:	Several dimensional deviations will be required		x

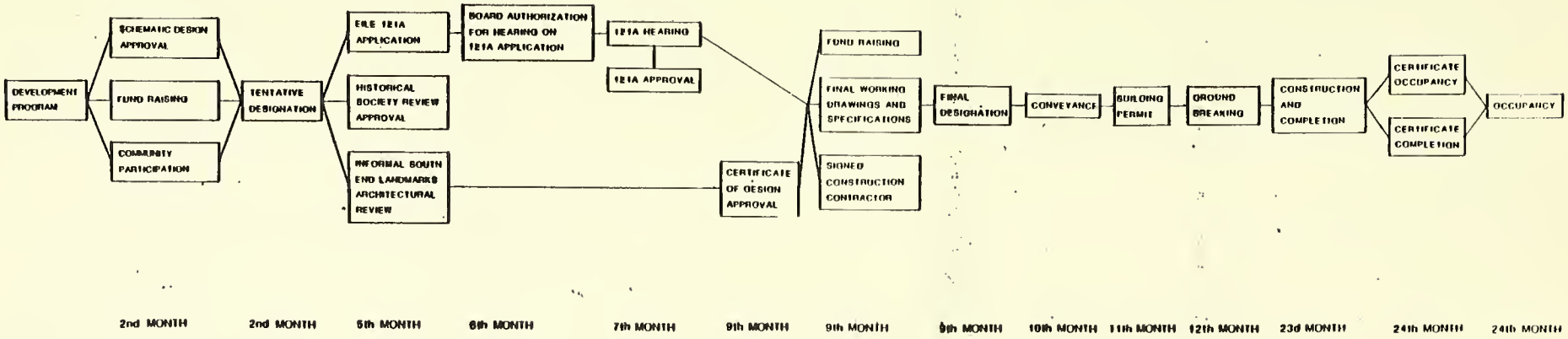
NEXT STEPS

NEXT STEPS

DEVELOPMENT SCHEDULE

1. Development Program
2. Schematic Design Approval
3. Preliminary Financial Commitments
4. Community Participation
5. Tentative Designation
6. File 121A Application
7. Board Authorization for Hearing 121A Application
8. 121A Hearing
9. Historical Society Review and Approval
10. Informal South End Landmarks Architectural Review
11. Issuance of Certificate of Design Approval
12. Firm Financial Commitments
13. Final Working Drawings and Specifications
14. Signed Construction Contractor
15. Final Designation
16. Conveyance
17. Building Permit
18. Construction Start
19. Certificate of Occupancy
20. Certificate of Completion
21. Occupancy

DEVELOPMENT SCHEDULE



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